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Chair

The Honourable Mark Eyking

Standing Committee on International Trade

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● (1100)

[*English*]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): I call this meeting to order.

Good morning, everyone. Welcome, witnesses, and everybody in attendance.

This is our second meeting dealing with the impacts of tariffs on Canadian businesses, companies, and workers. We had a very successful first meeting. We had good witnesses, good dialogue and good questions.

Today we have with us officials from five departments.

Welcome, folks. It's probably not your first time at committee. We always say that presentations should be five minutes at the most, but if they're shorter, we appreciate that too so we can have lots of room for dialogue with MPs.

It looks as though we will have time for two rounds of questions today.

If my colleagues are ready, let's jump right in. We'll begin with the Department of Foreign Affairs and Ms. Campbell.

[*Translation*]

Mrs. Ailish Campbell (Chief Trade Commissioner and Assistant Deputy Minister, International Business Development, Department of Foreign Affairs, Trade and Development): Good morning, Mr. Chair.

Thank you for the opportunity to address the Standing Committee on International Trade.

[*English*]

I'm here to provide a bit of general context on trade diversification, certainly Canada's journey on this over the last several decades. I very much look forward to your questions as well.

As you know, Canada is a trading nation. A very important fact about our merchandise trade exports is that we have 0.5% of the world's GDP, but we have more than 2.5% of the world's exports. That's just goods. I'm also very excited about the increase we've seen in services trade—and perhaps we can talk about that in the Q and A—with everything from engineering to financial services. That's a big part of our diversification story.

We know that engaging in foreign markets enhances productivity—the productivity of companies who exchange technology, talent, and products, as well as the productivity of Canada. Fortunately circumstances have never been better for Canada. The signing of the Canada-EU trade agreement, CPTPP, which is currently, as you know, in Parliament for consideration, and now the United States-Mexico-Canada agreement provides unprecedented access to customers around the world. We will be the only G7 country with free trade agreements with every other G7 country. Our population will have access to the world's richest consumers, over 1.3 billion of them. I think that's a good news story for small business everywhere.

In his August 28 mandate letter, Minister Carr, the Minister for International Trade Diversification, was directed to lead the development and implementation of a trade diversification strategy. An initial piece of $50 million was announced at the end of June to support export market diversification. I'm thrilled to tell you that essentially we're just adding speed to a pretty good machine that's already running.

I want to leave three key messages with this committee. First, the trade commissioner service is here to work with businesses of all sizes. We have regional offices across the country, in every region, in Halifax, in Toronto, in Montreal, in Calgary, in Vancouver, and in every province and major city in between to work with small business. This is an invitation to the committee to refer companies that you meet in your role as MPs and in your parliamentary duties to the trade commissioner service.

Second, why work with us? It's very simple. Companies that work with the trade commissioner service export 20% more to 25% more markets. That's evidence we've gathered with our chief economist and Statistics Canada over a long period of time. The bottom line for companies is that that means more customers, more orders, more profit, and more jobs. So, please, do work with us.

Third, what exactly do we do? We provide market intelligence, open doors, and do troubleshooting. In the Q and A I'd be happy to talk to you about where we see our footprint. We are increasingly seeing more traffic from Canadian business, including in our bedrock relationships with the U.S., where we have a very deep set of city networks as well as state networks in addition to our embassy in Washington. As well, we've seen huge growth in interest in our Asia offices. We have 1,000 experts around the world in 160 offices, who are essentially the international business development officers for Canadian businesses of all sizes and particularly small business.

I'll take note of the Chair's comments and keep this short. We can talk trade numbers. We can talk stats. We can talk about the increase in trade with the EU. We can talk about the fact that despite the challenges the aluminum sector is having with the illegal duties the U.S. has imposed, some of which my colleagues will address, we've seen a 200% increase in aluminum exports to the EU over the last year.

The trade commissioner service is certainly doing its part to act aggressively for Canadian small business. I will conclude by saying that this is an invitation to each of you to work with and refer companies to the trade commissioner service. We want to be put to work for Canadian business.

[*Translation*]

Thank you.

● (1105)

[*English*]

The Chair: Thank you.

We're going to go to the Department of Industry now and Mr. Halucha and Mr. Hum. Go ahead, you have the floor.

Mr. Paul Halucha (Assistant Deputy Minister, Industry Sector, Department of Industry): Thank you very much.

Good morning, and thank you for the opportunity to appear before you to discuss the impacts of tariffs on Canadian businesses, companies and workers, in particular Canada's steel and aluminium industry.

Let me begin by speaking to the responsibilities of my department.

[*Translation*]

Innovation, Science and Economic Development Canada is the lead department responsible for analysis and policy development regarding Canada's manufacturing industries, including the steel and aluminum sectors. This includes focusing on innovation and competitiveness.

[*English*]

Let me speak for a moment to the significance of the steel and aluminium sectors in Canada. Combined, the steel and aluminium industries employ approximately 33,000 Canadians, while contributing almost $9 billion to Canada's GDP in 2017. There are 10 steelmaking firms in Canada operating 16 mills in five provinces. There are three large aluminium producers operating smelters in Quebec and British Columbia.

Canada is currently the 17th-largest crude steel producer in the world, and the third-largest primary aluminium producer. In 2017, Canada produced an estimated 13.7 million tonnes of crude steel and 3.2 million tonnes of primary aluminium.

[*Translation*]

Steel and aluminum are major inputs for industries such as energy and construction. They are also vital for many manufacturing sectors, including automotive, aerospace, metal fabrication, and machinery and equipment.

What this means is that the impact of the current North American trade climate on steel and aluminum goes well beyond the companies and the workers in this industry.

[*English*]

The imposition of the section 232 tariffs on Canadian steel and aluminium from June 1 has had a number of impacts. There has been a significant increase in steel and aluminium prices globally, but also in North America.

The benchmark monthly steel price in North America has reached heights not seen previously since 2008. Since the beginning of the year, the benchmark price for U.S. Midwest hot-rolled coil has increased from $729 U.S. per tonne in January to a peak of over $1,000 U.S. per tonne in July. From that high, the benchmark has fallen to $956 U.S. per tonne. This is in contrast to 2017 and 2016, when the average monthly price was $680 U.S. and $571 U.S. per tonne, respectively.

In aggregate, from 2018, the average annual monthly price is $927 U.S. per tonne.

On aluminium, the pricing trend is similar to steel. The global price of aluminium has increased from roughly $2,000 per tonne in January 2018 to $2,718 per tonne in the middle of April 2017, but we are now beginning to experience a decline.

In the months following the imposition of U.S. tariffs, the all-in price of aluminium has surged by more than 40%. There is no doubt that the price increases are a result of the ongoing trade action. To a certain extent, high steel prices and aluminium prices have helped mitigate the impact for primary producers.

The complete story, however, is that these firms are also incurring significant costs in certain circumstances as a result of the tariffs. For instance, electricity, a key input for steel producers, has seen price increases that further weaken cost competitiveness.

● (1110)

[*Translation*]

Innovation, Science and Economic Development Canada is cognizant of the pressure that increased prices could place on supply chains and downstream users of steel and aluminum, and the department is closely monitoring the impact. Higher steel and aluminum prices increase costs for many users, but there are many factors to consider, including supply contracts, volume consumed and the contribution to the overall cost of a product.

[*English*]

To this end, we have been in regular contact with automotive, aerospace and other manufacturing stakeholders regarding the U.S. deal on aluminium tariffs. ISED has been active as have other departments in advising companies of programs in place to assist industry.

One of our primary focuses has been informing what was needed to support steel and aluminium. The government's package announced in late June included $2 billion for the steel and aluminium sectors delivered by the departments and agencies appearing before the committee today, and at the next meeting. This includes $800 million from the BDC, $900 million from Export Development Canada, $250 million from our strategic innovation fund managed at ISED, $50 million for the Global Affairs' export diversification program, and $75 million from Employment and Social Development Canada.

Since the announcement of the package, we have worked with firms to help them understand who qualifies for what stream of support with an eye to helping them improve their operations and competitive positions.

With regard to the strategic innovation fund, to date we have received more than $1 billion of submissions that have come into ISED that aim to improve the cost and environmental efficiency of production, as well as improve product offerings where they see a demand today and into the future. We're also mindful that any investments help our producers better serve the domestic market.

Negotiations are going well with companies, and the first announcement is imminent, with others soon to follow. The tariffs are also impacting our efforts to resolve the overcapacity problem globally.

[*Translation*]

As a member of the G20 global forum for steel excess capacity, Canada is collaborating with other countries to focus attention on the countries that subsidize steel and ship it to destinations around the world in a way that disrupts those economies whose producers operate on market-based principles. These negotiations have not gotten any easier since the unilateral actions of the United States.

[*English*]

Since its inception Canada has consistently advocated for governments to be transparent in their provision of support for steel capacity, and Canada is a voice for measures that will alleviate this problem. We have to be absolutely transparent in our information as a means to our advocating that others do as we do. It was two weeks ago that Canada participated in a ministerial meeting of the global forum on steel excess capacity, held in Paris, where all of member countries agreed to take further measures to address steel capacity. Canada remains committed to demonstrating leadership in this important multilateral effort to address an issue that is detrimental to the financial health and stability of Canada's steel sector.

Finally, the government has thoroughly engaged with the steel and aluminum industry and other impacted stakeholders throughout this ordeal, and has initiated a number of responses measured to alleviate any negative impacts. Early in the year the government introduced regulatory changes to Canada's trade remedy regime to address transshipment and circumvention. For example, the Canada Border Service Agency has been provided with greater flexibility in addressing price distortions and an injection of new funding for new investigators, and it is now able to engage with a new type of investigation to address suspected circumventions of duties.

Such regulatory amendments have aimed to strengthen our ability to address unfairly traded imports that enter the Canadian marketplace. On top of this, the Department of Finance has initiated a safeguards consultation in August, and any measures that arise from this would stabilize markets in response to import surges. The government has also been closely monitoring trade patterns through regular trade monitoring committees on steel and aluminum, with the steel trades surveillance committee having met this week—and it has been meeting very regularly since the tariffs were put in place, with full industry participation.

We will continue to work with the steel and aluminium industry on the impacts of U.S. trade measures and in delivering the support they need.

We look forward to your questions.

Thank you.

● (1115)

The Chair: Thank you, sir.

We're going to move to Export Development Canada and Mr. Bhamjee.

Go ahead, sir. You have the floor.

Mr. David Bhamjee (Vice-President, Corporate Communications and Public Affairs, Export Development Canada): Good morning.

Thank you, Mr. Chair and honourable members, for inviting me to appear today. My name is David Bhamjee, and I'm here in my capacity as the Vice-President of Corporate Communications and Public Affairs at Export Development Canada.

[*Translation*]

It is a pleasure to be here today and to update you on the ways in which EDC is supporting Canadian exporters affected by the tariffs on steel and aluminum.

[*English*]

I will keep my remarks brief. Hopefully that will leave more time for questions.

The steel and aluminum industries are essential to our economy, and EDC is proud to work with them. We have long-standing relationships with Canadian steel and aluminum companies and, in turn, they know us well. By way of background, EDC is an international lender and leader in helping Canadian companies mitigate risk. We finance export activities. We provide insurance services, connections and support that allow Canadian companies to compete internationally.

In 2017, EDC has served more companies than ever before—just under 9,400 of them, and over 80% of them are small and medium-sized enterprises. I say that because, when Canadian companies are hit, it's important for us to be able to be there for them. That's what we want to speak with you about today.

When these tariffs were levied, we engaged with our own experts internally and with our partners across government and with industry to better understand both what the impact might be and the things that EDC may be able to do to assist. Coming out of those discussions and as part of the government's overall response to the tariffs, EDC has made over $900 million in lending and insurance support available to viable companies in this sector over the next two years. Through this capacity, we're available to provide companies with access to liquidity, capital and risk mitigation solutions. Since the start of the year, EDC has provided $133 million in financing and insurance support to 27 companies in the sector.

As we went through this exercise, we recognized that a big component of its success would concern the question of awareness and making Canadian companies aware of what we can do to support them. To facilitate that, on first of August both EDC and BDC reached out to over a thousand companies in the steel and aluminum sectors, both sub and direct, to let them know about the support that would be available to them. At EDC, this outreach resulted in 27 leads, all of which we have followed up on. Companies have also come to us just seeking more information, but are not necessarily looking for a financial service at this time. When we came across instances where EDC support wouldn't have been appropriate, we looked to direct them to the appropriate partner.

In addition, as part of EDC's engagement with the sector, we continue to participate in the Government of Canada's round tables. We have created an internal task force to coordinate with our regional offices and have launched a dedicated website and a 1-800 number to make sure that companies are connected as quickly as possible with the solution provider best suited to serve them. We remain in close contact with our partners across government, with our customers and with the industry, so that as companies make choices, they know what's available to support them.

Again, I'd be happy to take any questions. Thank you.

The Chair: Thank you, sir.

We're going to move to the Department of Employment and Social Development and Mr. Ram. Are you good to go, sir?

Mr. Elisha Ram (Associate Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development): First, I apologize for being late this morning. I'm not very good at reading directions apparently, but I'm very pleased to be with you today. Thank you so much for the invitation.

I'm Elisha Ram, the associate assistant deputy minister in the skills and employment branch of Employment and Social Development Canada.

ESDC offers a suite of services and programs, which are both available and have already been deployed, to assist workers and employers who have been affected by the new tariffs on steel and aluminum. These include immediate income supports through the employment insurance system for any workers who have become unemployed, and work-sharing arrangements with workers and employers that can help to prevent layoffs as companies adjust.

[*Translation*]

There are also federally funded training and employment supports delivered by provinces and territories through labour market transfer agreements.

[*English*]

Beginning in the spring of 2018, Service Canada, which is part of our corporate umbrella, has proactively reached out to more than 120 employers, including three national and three regional unions as well as industry associations and other stakeholders in the steel and aluminum industry across the country.

Employers are generally contacted within 48 hours of known or announced layoffs or closures and are offered information in joint outreach sessions with provinces and territories in order to provide seamless communication about the programs and support that employers can take advantage of. To date, we have undertaken 13 information sessions, and we are looking to provide more.

In addition, over the summer, the government announced new targeted measures totalling $75 million over four years through ESDC to help prevent layoffs to the extent possible in the sector and to provide assistance to those who have been affected by the tariffs. This includes $25 million over three years for temporary special work-sharing measures.

Briefly speaking, work-sharing is an adjustment program designed to help employers and employees work together to avoid layoffs when there is a temporary reduction in the normal level of business activity. This is the key instrument by which employment insurance income support can be provided to workers who have willingly accepted reduced working hours in order to allow their employers to adjust. The program is particularly helpful to small and medium-sized enterprises, which tend to sign the majority of work-sharing agreements.

The additional flexibilities announced in the summer allow employers and workers to apply to extend work-sharing agreements for a maximum of 38 weeks, which is normally the maximum, up to 76 weeks. There are also a waiving of the mandatory waiting period between applications to the program and lower requirements for employer transition plans. These measures will help employers remain viable, prevent layoffs and avoid or delay potential closures. They also provide employers and workers with more flexibility and allow employers to retain skilled workers as they adjust.

To date, we have signed 13 regular work-sharing agreements related to the tariffs on steel and aluminum, which are estimated to have averted over 300 layoffs and to have helped nearly 700 employees. We continue to work with other employers in the sector to make sure they are aware of these flexibilities.

In addition, the government is making available a total of $50 million over two years through the bilateral labour market development agreements with provinces and territories. The additional funding will ensure a dedicated envelope is available to provide a suite of training and employment supports to workers affected by the tariffs to help them transition to new work. This includes offerings such as employment counselling, job search assistance, skills training and targeted wage subsidies in order to help employees obtain different kinds of work experience.

We will of course continue to work closely with the provinces to monitor the situation to ensure that affected workers and employers have the assistance and support they need.

Thank you. I look forward to your questions.

● (1120)

The Chair: Thank you, sir.

We're going to move over to the Business Development Bank of Canada and Mr. Lecavalier.

[*Translation*]

Mr. François Lecavalier (Senior Vice-President, Corporate Development, Business Development Bank of Canada): Thank you, Mr. Chair.

I will make my presentation in English, but it would be my pleasure to answer your questions in French when the time comes.

[*English*]

As you know, BDC is the only Canadian bank dedicated to entrepreneurs. We are an independent Crown corporation that reports to Parliament through the Minister of Small Business and Export Promotion. The key thing to know about BDC is that we're complementary. What that means is that we provide financing on a commercial basis, but we do take more risk than the other banks in Canada. We also offer, as a lot of you know, venture capital and advisory services.

In the steel and aluminum sector, we have made available an envelope of $800 million, as Paul mentioned earlier, over two years, for higher risk but viable businesses. The envelope is essentially going to allow us to take greater risk, and that is simply because of the situation we are in today. We, as a Crown corporation, have a responsibility to step up. The financing is being provided on commercial terms and can include flexible repayment terms and also our advisory services.

In terms of the use of the financing, we're promoting greater innovation. We want to help the SMEs in the steel and aluminum sector, essentially, expand into new markets, increase their operational and environmental efficiency, and purchase new equipment and technology. We want to help them succeed in the face of the illegal action taken by the U.S. by helping them to expand and work in other markets.

The envelope, I am glad to say, was operational on day one, when the tariff measures were announced by the Americans. The field was fully briefed immediately. BDC is efficient because we have 123 business centres across the country and over 2,200 employees and 600 account managers. That's what makes a difference: We've got boots on the ground. That includes, of course, our strong presence in Ontario and Quebec.

In terms of outreach, we work closely with our colleagues at EDC. We contacted every existing client and every potential company that was affected and—drum roll, please—these are the results, which are what you guys will be interested in. As of September 30, meaning three months of operations of the line, we have signed loans totalling $131 million to 189 clients. The key is that we are taking more risk. Thirty-seven per cent of the dollars authorized are assigned to clients who are below the average risk rating for our book of senior loans. That means we are working with clients who are a greater risk, which is exactly what we wanted to do. One-third of 189 clients are new to BDC, and as every banker will tell you, a new client is, by definition, a riskier client because you don't know them that well. But we're there to get to know these people.

In terms of regional distribution, almost 80%—77%—of authorizations are in Quebec and Ontario, a heavier weighting for these two regions than the weighting in our overall portfolio. That of course is what we expected given the concentration of the industry in those two provinces.

Thank you very much.

● (1125)

The Chair: Thank you, sir, and to all of your organizations. We see your work when we travel internationally. Our committee recently did a study on the ASEAN countries, and so we see some of your staffers out there doing the work and a lot of our companies. The Canadians out there appreciate the outreach that many of you do in these other areas. We see that in motion.

We're going to go now to a dialogue with the MPs.

I'd first like to welcome the member from Saskatoon—Grasswood, Mr. Waugh.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you.

The Chair: Welcome to the most exciting committee on the Hill.

Mr. Kevin Waugh: I'm told.

The Chair: We'll see how it goes.

Without further ado, the Conservatives have got the first five minutes.

Mr. Allison, you've got the floor.

Mr. Dean Allison (Niagara West, CPC): Thank you very much, Mr. Chair, and thanks to our witness for being here today. I'm a big fan of EDC and BDC, it goes without saying.

I want to take a bit of a different angle here. As a former business person, I understand that when you borrow money, you have to pay it back. What I'm trying to get at is that the government came out, with great fanfare, with about $2 billion worth of relief, but the reality is that a lot of these small and medium-sized enterprises I'm talking to are not able to get access to it, whether it's duty drawback or duty relief, duty deferral—whatever the case may be. The challenge I have is that loaning more money is not helpful, although it may be helpful if we get a deal and we get it resolved as we move forward.

When I talked to over 150 stakeholders this summer in three provinces—as a Conservative group we spoke to over 200—I can assure you that no one I talked to was able to get access to this money. That's partly because of the way the programs are set up. It's not a function of what you guys do, because you guys work within your parameters.

When I look at the $1.7 billion, either through BDC or EDC, I see a $250 million strategic innovation fund, which, by the way—correct me if I'm wrong—is only available for companies with over $10 million in sales and over 200 employees. Is that correct?

Mr. Paul Halucha: Yes, it's correct.

Mr. Dean Allison: Okay.

I'm not saying there aren't programs out there. What I was saying is that these programs are not available to some of our SMEs who need them the most. The challenge I have as we move forward.... I don't know if you have these numbers. These are probably Finance's numbers. I would be curious, through the chair, whether we need to ask Finance how much we've collected. Looking at the two schedules that we have and the different rates of 25 and 10, I calculate that we'll collect somewhere around $2 billion, plus or minus. But what is actually going out the door in terms of relief or drawback? I don't mean additional loans, because, guess what, those all have to be paid back, and we're grateful for them. They do provide a niche, but that's not exactly what we're looking at.

When I look at the $1.7 billion through loans, when I look at the $250,000,000 that went through the strategic innovation fund, I don't see a lot of things because it's case by case. By the way, it's a surtax that's being charged, not a duty, so it makes it tough to be eligible for duty remission or duty drawback programs.

What types of programs are we making available to our SMEs that wouldn't require them to pay back some of the unfair and illegal tariffs that were mentioned, given the fact that the tax is actually a surtax? It's not a tariff, so it's not eligible for duty drawback?

Does anyone want to tackle this?

I need more than five minutes. I can't do this in five minutes.

Anyway, go ahead.

● (1130)

The Chair: You've been around too long to ask for more than five minutes.

Mr. Paul Halucha: I'll take a stab at it.

On the strategic innovation fund, $10 million is actually the project size. That's the de minimis on it.

In part, it's because of the administration of the funding. The way the funding is set up around these types of programs is that they're there to support investment. The companies need to come forward with investment plans, and then, through negotiations and based on our terms and conditions, we are able to effectively buy down a portion of the investment they're going to make. The strategic innovation fund is able to provide non-repayable funding, and we have done that. There have been a lot of announcements over the last year, including for the auto sector, that included non-repayable elements in the form of grants, in addition to the loans. There is some flexibility on that.

We also have, through the department, regional development agencies, which have existing budgets, and we have been working actively with them. As with the strategic innovation fund, though, there needs to be a capital project or an investment that the company is looking to make. What we don't have programming at ISED for is simply for turning tariff receipt cheques into cash. That has been one of the challenges we've had in terms of the discussions. The duty drawback provisions do allow that to happen, but some of the frustration you've heard is around the time it has taken for responses. We're all aware of that. I think you'll hear about that when the Department of Finance and CBSA come in to talk to you about that. They are working to get the process done as quickly as possible.

The other thing is that, in the U.S., there is a remissions process as well. With the duties they're collecting, there is a process by which companies can seek to have the money returned to them. What we saw early on when the tariffs were put in place against Canadian firms was that a lot of shipments didn't go for while, particularly on the steel side. The reason they didn't go was that they were waiting for their customers in the U.S. to post the remission requests on the United States Department of Commerce's website. There's data now, and Canada represents about 20% of the requests that have been made to the Department of Commerce. They would obviously have to be approved and considered, but that one plus the duty drawback are the two closest programmatic lines that we have, in terms of the need you've pointed to.

The Chair: Thank you.

You're going to have another round, Mr. Allison, but you're almost a minute over, so we're going to move over to the Liberals.

Mr. Dhaliwal, you have the floor.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses.

Mrs. Campbell, first of all, I want to commend the officials at the foreign affairs department for all of the great work they have done to come up with this new and improved USMCA agreement.

There's a lot of excitement in my neck of the woods in British Columbia. Can you tell us how this new and improved USMCA will help companies, small businesses, and Canadians?

Mrs. Ailish Campbell: Sure, I'd be happy to. I'd just like to commend Minister Freeland, Ambassador MacNaughton and Steve Verheul, our chief negotiator, for their incredible work. As a public servant, I liken this almost to a war, and Steve and his team have been away for over a year working on this. We're thrilled to have come to a conclusion that we can share with Canadians.

As you know, the deal has been announced, and more technical work is currently being done so that we can present the full agreement. I think I can mention a few stylized facts. The first is that business likes certainty. It now provides certainty to business that access to the U.S. and Mexican markets is not in question.

The second piece, which I think is equally important, is that the U. S. remains our primary trading partner. The U.S. is, if you will, the training ground and the training wheels for many companies who then go global. It would be inaccurate for us to talk about the world and how firms, particularly Canadian SMEs, grow to profitability and grow as quickly as possible without talking about key U.S. markets. So we're thrilled to have that access under way.

The last point I would make is that our negotiators are not standing still. I take note of this committee's important work on Asia. The conclusion of the CPTPP is essential, and we will be amongst the first countries to ratify and bring that agreement into effect.

I would commend the work you are undertaking to examine ASEAN and our Latin-American counterparts. This work will allow us to cover even further the supply chains of the world, the Fortune 500 companies, and the innovative new technologies in IT and clean tech that, as I think you've heard, my colleagues from EDC, BDC, and others are bringing home to Canada and that Canadians are contributing to the world. This will be relentless.

As my last point, the trade commissioner service provides up to $50,000 for a company of any size, but particularly for SMEs, to go to a market they haven't yet explored.

So one of my top takeaways for this committee is to please refer SMEs of all descriptions in all sectors to us. This is absolutely a kind of hyper-growth passport so that we can assist companies to get to growth faster.

● (1135)

Mr. Sukh Dhaliwal: We mentioned SMEs. On Tuesday a witness at committee said that they do not have resources and time to access all of the programs the government has announced. What are we doing to educate or inform those small and medium-sized businesses on how to take advantage of the programs that are in place.

Anyone?

Mrs. Ailish Campbell: I would just say critically that what you're seeing here is Team Canada. This is team trade. Active referrals from EDC, BDC, ISED to us and vice-versa are occurring rapidly.

I think the fundamental point you made, though, is about entrepreneurs and time. They don't have time to decode what I call our "alphabet soup". You'd almost have the whole alphabet if you mentioned all of our acronyms.

Whatever client or customer comes in to deal with us, it's our job to actively engagement with that company and to help them not only by referring them, but also by actively case-managing them, if you will, through to receiving all of the duties. Here I take note of the fantastic steel and aluminum website that EDC got off the ground immediately. That was one-stop shopping for all SMEs on all forms of results.

To take note of the earlier question on SMEs, we would love to know, as appropriate and while respecting privacy, any one of those 200 firms you've worked with, so that we could bring them into our active case management across the core federal public service and with our Crown corporation partners.

The Chair: Mr. Halucha.

Mr. Paul Halucha: Innovation Canada was set up to provide a single point of entry into public service programs. It allows companies to enter basic information and have recommendations made back to them about what programs they could qualify for. Then it makes the people who are responsible for those programs aware that these requests are coming in. So it's actually a "two-way" process.

The other thing we've done is to put in place an accelerated growth strategy process. It connects a lot of our departments behind the scenes in the back offices and allows companies to agree to have their information shared. Most of them are opting into this. If your company is done with ISED, we move them into other parts of the public service that can provide additional support.

So we're trying to make these connections, in particular for the highest-growth companies.

The Chair: Thank you, sir.

We're going to move over to the NDP now.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey (Essex, NDP): Thank you so much for being here. Obviously we're not in an ideal situation with these steel and aluminum tariffs, and we're struggling. My region of Windsor-Essex, and certainly Ontario, has been very hard hit. It is the SMEs that can't navigate the website and can't afford the wait times that it's taking to get people out to look at whether they're able to achieve an exemption or get the surtax. It's very difficult, and they're closing. They're sending dies to the States. They're shipping to the U.S. Once they close, the chances of their coming back again are very slim.

We are in an emergency situation in Ontario right now. Some of the programs that you represent they simply won't access, or these programs simply won't address their issues because they are in triage. They are in emergency mode right now, and they need supports on the ground.

We had the WindsorEssex Economic Development Corporation write to us here at the trade committee. They had an event in the summer attended by 250 people. I was in attendance. There were a lot of auto..., the Canadian Association of Mold Makers and automotive parts. The challenge is the way the BDC and the $800 million funding envelope was written. It doesn't include all of the codes for the NAICS. I know the WindsorEssex Economic Development Corporation and other businesses wrote specifically to the BDC, to our local office, because it includes some auto codes, but it doesn't include the cluster we have, which is under the 3335 code, which I know is very specific. We really do need an answer as to whether you've expanded into other codes, because many other sectors that simply can't access this are being impacted because of the frame in which this has been set up.

I ask these question of the BDC, if you can respond. Let us know how these requests are being worked through in a timely manner.

● (1140)

Mr. François Lecavalier: Very simply, the envelope is not the be-all and end-all of BDC's support. I will make sure that you get a response specifically on the 3335 code, but we continue to do business with every small and medium-sized business in Canada. Even if they're not technically on the list of codes, if we see that they're companies with the vision to adapt and they need help to diversify their markets and improve their efficiency, we will support them with our financing and our advisory services. I'll get back to you specifically on the line you mentioned.

Ms. Tracey Ramsey: Thank you.

My second question is about safeguards because there have also been a lot of requests that have come before this committee. Certainly some energy safeguards have been put in place, but with regard to the non-energy tubular safeguards, we could take immediate action here to protect this sector. I have Atlas Tube in my riding. It has written specifically several times, both at the beginning of this process and once again on September 24.

Because this is something we can implement to protect, where are we at on the safeguards? This surge in offshore dumping has been incredible in this past year. We have become the bull's eye that was feared by our steel and aluminum producers. With regard to the hollow structural steel, we're over 200% in a year. We've seen this massive surge Although there have been some attempts to address this illegal dumping, we clearly aren't doing everything we can because there's a massive surge taking place.

Could any of you speak to what efforts you're doing beyond what has already happened? Clearly that's not cutting it. We need more boots on the ground, more people, so that we can prevent this. Could anyone speak to when we can expect those non-energy safeguards to come into place?

Mr. Paul Halucha: I can't give you a date when it will happen, but I can tell you that job number one in moving to a decision on safeguards is to ensure that we have the analytical base needed, because, obviously, there's a trade legal process on the other side of this. The evidence base needs to be there to support the imposition of safeguards. If it's not, there are implications from that.

Getting the analysis done has been a significant focus. We have had regular meetings with industry. This is ISED, the Department of Finance and the Canada Border Services Agency working together to establish that analytical base and to work with the companies. Obviously the Minister of Finance has the lead. He completed consultations, I believe, two weeks ago, and they're working on a decision.

Ms. Tracey Ramsey: It has been four months since they've written. What is considered a timely process when we're in an emergency situation? I understand that your resources are limited. I would like to see more resources given to all of you at this time to deal with the flood that you're dealing with. However, it has already been four months since the request came in on that particular item, which supports over 300 very well-paying jobs in my riding in a very small town that has one in four kids living in poverty. This is critical. What is considered a timely process?

The Chair: Ms. Ramsey, I'm sorry, but you are well over your time. There won't be time for a response to your statement. You've had five and a half minutes and you're going to have another round later on.

We're going to move over to the Liberals.

Madam Ludwig, you have the floor.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, Mr. Chair.

Thank you all for your presentations today. This has been very informative. I also want to commend you for the work that you have achieved in many respects in a short period of time from getting out there.

Prior to being elected, I taught international trade, so I'm very familiar with your services.

My question from an educator's perspective, but also from an MP's perspective is this. What are the lessons learned? In terms of trying to create that example and that keen awareness that Mr. Bhamjee mentioned, could I just learn from you what you have learned in terms of the challenges and opportunities, not only regarding this situation but how we are going to continually connect and try to support our SMEs?

● (1145)

Mrs. Ailish Campbell: Do you want to take that?

Mr. David Bhamjee: I can start.

It's probably a truism in a lot of things, but repeat, repeat, repeat. You can never over-communicate, both in terms of rapidity through one channel but using a multiplicity of channels to be able to do so.

When we talk about direct reach-out to companies, we're talking about using our account managers, whether it's EDC or BDC. We also talk about leveraging our digital presence. We must not assume that companies will be able to find their way to you.

You've heard comments about this "who's who in the zoo" being a persistent challenge for Canadian companies, and it's one that requires ongoing vigilance. It isn't just a matter of reaching out to companies and then sitting there waiting to see if your telephone rings. You have to keep following up, whether you're leveraging social media to give visibility to the thing that you're taking, whether you're leveraging your account managers, your partners, or the work that we do with associations, making sure that everybody has the information available, and using a distributed network to be able to touch as many companies as possible.

Ms. Karen Ludwig: On the distributed network, are all of you working together to try to get your information through the chambers of commerce, the CBDCs, the RDCs, and the CME?

Mr. David Bhamjee: The simple answer is yes.

Mrs. Ailish Campbell: I'm also pleased to say that Global Affairs Canada has the global opportunities for associations fund. We actually fund business associations, from the macro or the national, to regional and sector-specific associations, to raise awareness of trade opportunities generally, of trade missions specifically, and of our new free trade agreements.

If I could speak for our "team trade" for a moment here, what you're hearing collectively is that there's a national dialogue needed on three vectors. The first is risk and encouraging more companies to take calculated, well-thought-through risk, using the advisory services that you've seen here, and then connected, for example, to one of our 160 offices around the world.

The second piece is—and I take note of the NDP member's question—that rapid response time, anything that we can do. I'm literally looking at people who I know are practically sleeping at the office on weekends, but it's those increased resources, anything that we can do to help get those answers quickly. What I can assure you is that our senior leaders and ministers and officials are ready to do everything we can.

The third element is certainly the ongoing advocacy of this committee, with your American counterparts, because the best solution to this would be an end to these measures by the U.S. Therefore, I commend this committee and any work you're doing in the U.S., at every level, in order to impress upon our American counterparts that these actions are actually not only harmful to Canadians, but, as I think Paul talked about in terms of increased prices, also damaging to U.S. consumers. This is not good for jobs in any of our countries.

Ms. Karen Ludwig: Thank you.

How much time do I have?

The Chair: You have one minute.

Ms. Karen Ludwig: Great.

Did you want to comment as well?

Mr. François Lecavalier: If you would allow me, on the lessons learned, we focused our steel and aluminum work on companies that want to expand internationally, want to improve their competitiveness through new technology and equipment. The lesson learned is that this is not only for the steel and aluminum sector; we need to do that for our 55,000 clients across the board, because the one thing we know is that Canadian SMEs lack in competitiveness compared to their U.S. counterparts, and also internationally. We need to continue working with every SME, in every sector, beyond steel and aluminum, to help them.

Ms. Karen Ludwig: You. I certainly couldn't agree more. Your approach as team Canada, and reaching out so deeply into the business community, is absolutely critical because of, as Ms. Campbell mentioned, this situation of uncertainty. Businesses have a hard time planning and projecting in an environment of uncertainty, so we're pleased to see that a deal has been struck and I'm very pleased to hear of the work that you're all doing.

The Chair: Thank you, Ms. Ludwig.

Right now I'm going to break for 10 minutes so everybody can grab a sandwich. Then we're going to come back for the second round.

I'll suspend for five to 10 minutes.

• _____ (Pause) _____

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• (1200)

The Chair: Welcome, everyone. We are going to start our second round. The first round went well. We're going to keep to five-minute slots.

Liberals are first up, for five minutes. Mr. Sheehan, you have the floor.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, Mr. Chair. I just want to thank all of the witnesses who have been so deeply immersed in supporting our steel industry and workers. We heard testimony last week from Algoma Steel in my riding, and from Tenaris in my riding and Calgary, saying that they were thankful for the swift and forceful response.

Kalyan Ghosh mentioned that Algoma Steel has applied for the strategic innovation fund. I have several questions for Paul Halucha on this. Without getting into details that you cannot get into, is there uptake from other steel and aluminum players? Algoma Steel employs many people, and it's 40% of the GDP of Sault Ste. Marie. If Algoma Steel hurts, a lot of times the smaller SMEs hurt as well.

What's the uptake on SIF? Is there a special carve-out of money for SIF? What is the importance of supporting the larger players through the SIF program as it relates to SMEs as well?

Mr. Paul Halucha: The key thing we need to remember in all of this is that the focus of the U.S. policy as stated is to enable American plants to reopen. That has been the focus, in particular on the steel side but also the aluminum side.

From day one, their target has been Canadian and other competitive producers, so it's no surprise that we calibrated our support to focus on the companies that would be most impacted. If those companies lost their competitive advantage, that in turn would have significant impacts.

Firstly, it would effectively be the same as the U.S. policy succeeding, and secondly, every one of those large plants is in an ecosystem of small and medium-sized companies that depend on their market relationship with them—either selling to them or buying from them. The steel industry basically has about three commodity markets: they sell into oil and gas, they support construction, and then they support the auto industry. Obviously, as Ailish said a moment ago, a key part of a successful free trade agreement was actually maintaining our strong auto footprint in Canada. Steel and aluminum are intimately linked into that ecosystem.

The carve-out is $250 million. That was what was announced, and it was designed to focus on those large providers. To answer the earlier question, that was why we put the limit at 200 employees or above in terms of the size and $10 million or above for the project. I believe that is actually the standard SIF size project for any capital investment.

The take-up has been very good. We didn't announce on July 1 and then disappear for the summer. We actively engaged with those companies. We've administered a number of round tables in Hamilton. I've been to regular and ongoing discussions with all of the companies that are putting in applications. Our turnaround time in responding to their questions—both on the statement of interest and now in the application stage, which is where most of them are—has been less than 24 hours.

We have made this our top priority because we recognize that SMEs are definitely bleeding as a result of this, and that has been a consequence of the tariffs. Some of the larger companies are losing millions of dollars every day and tens of millions every month. The amount they're paying out in the tariffs is extraordinary. If they don't make their capital investments this year, if they don't invest in innovation, and if they don't invest for the future of their companies, it becomes very easy to get into a downward spiral. They don't invest this year, then they don't invest next year, and so on.

Again, going back to the objectives of the U.S. policy, it is to have those companies effectively not be competitive and then sooner or later not exist, enabling that business to be repatriated to the U.S market.

We have made it a principle and our primordial focus to ensure that we support those companies.

● (1205)

The Chair: Mr. Sheehan, you have half a minute.

Mr. Terry Sheehan: Paul, you had mentioned that steel prices had grown extraordinarily. Recently, when Tracey and other folks were down in Washington, one of messages was, "Hey, these tariffs are going to result in an American tax. You're going to be paying more for your steel."

Could that be part of what's happening in the market?

Mr. Paul Halucha: It's very difficult to distinguish between the effects of the tariffs and the effects of the higher prices. I would absolutely agree with that.

Mr. Terry Sheehan: Thank you.

The Chair: Thank you, Mr. Sheehan.

We're going to move over to the Conservatives now for five minutes.

Mr. Carrie, you have the floor.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Mr. Chair.

Like my colleague Dean, I was taking part in our jobs tour over the summer, listening to smaller and medium-sized companies. One of the scary things I was hearing was CEOs saying that they're right at the precipice now. They're trying to make decisions like whether to reinvest, close down, or move their company to the United States.

I heard over and over again that we have to get rid of these tariffs, or get a new NAFTA. I apologize if I don't share Ms. Campbell's enthusiasm on the deal. The thought out there was that if we were going to be signing on to a new agreement, we wouldn't sign on to an agreement that's giving us less access than the agreement we had before. There was a sigh of relief perhaps, when the agreement was signed, but once you start looking at the details, these section 232 tariffs are still there.

Mr. Halucha, you were here a couple of years ago. You've been in front of us and have talked about the challenges of the steel community, and the benefit of our steel industry being able to have access to the United States. There appears to be no end in sight for these other tariffs.

What are you hearing? Are you worried about the long-term impact that this is going to have on our Canadian steel and aluminum industries?

● (1210)

Mr. Paul Halucha: I'm going to respond in two ways.

I'm an optimistic person by nature, so I remain optimistic.

We worked very hard to get resolution on the free trade agreement with the United States.

I think you're talking about the autos side letter that was negotiated as part of the deal, which does include protection for Canada if the United States does proceed with a section 232 scenario going forward. From my perspective, in my area of responsibilities, it was one of the most important parts of the negotiation. It's been widely supported by the industry as a good resolution, and hopefully gives them the certainty and protection they need going forward.

Mr. Colin Carrie: That is for auto industry, yes. Automobiles are made out of steel and aluminum.

You talked about competitiveness. As I go through it, I haven't seen anything in the agreement that makes us more competitive with this agreement than the previous one—in NAFTA.

One of the things you mentioned, with the steel industry in particular, was dumping. My colleague, Ms. Ramsey, mentioned that. One of the things in the new deal—I think it's in chapter 32, "Exceptions and General Provisions"—is article 32.10, "Non Market Country FTA". One of the tools that we had as a sovereign country was to be able to negotiate in Canada's best interests. For example, say that dumping is coming from China. If we were able to make a trade agreement with China to give us greater access for our products then we could start to limit steel that's coming into our country. With this new agreement, it looks like we've signed away our sovereignty. Any time we want to talk a free trade agreement with China, it looks like we're giving the veto to the United States and Mexico.

As a proud Canadian, I was shocked to see this. How is that going to affect your ability as a representative of our government to work in Canada's best interests, if our requirements don't align with the United States?

Mr. Paul Halucha: I don't think there's any reason to believe we've given up anything on our ability to take action against Chinese dumping, or dumping from non-market economies.

That's a process that continues—

Mr. Colin Carrie: I'm talking about making a long-term agreement with a non-market economy.

Mr. Paul Halucha: With a free trade agreement, I think that's another order of economic relationship, but existing rules enable us.... The steel industry I think is one of the biggest users of the CITT process, and all of the improvements that were made were made on their recommendation. They have been very successful.

Actually, it's interesting. If we look at the data now, one thing we've noted is that we have not seen a large surge of Chinese steel coming into the Canadian economy. It's because the web of CITT orders against dumping is working and the CBSA is working at keeping that out of the marketplace.

The authorities that the Minister of Finance is using or considering right now, the safeguard measures, are not eroded at all. We have an ability to make those decisions, I think.

I'm not in a position to talk about that portion of the agreement that you noted. I'll leave it to Ailish, if she has an answer on that. From my perspective, we have not reduced at all our ability to deal with threats from a non-market economy. Actually, I think that our interests and those of the U.S. are completely aligned on that. I mentioned the work we've been doing internationally. In the global forum, the question there is largely about the transparency of pricing from China and other non-market economies, and we have been completely aligned with the United States for a number of years at those hearings.

I think when the tariffs came in, that was one of the points that probably surprised us the most because we have been a strong ally of the United States in an effort to take on dumping that erodes not just the U.S. economy, but also the competitiveness of our firms.

The last time you heard me testify on, I think that was the topic I was discussing because that was the main threat, and getting the CITT improvements done was the response to that.

The Chair: Thank you, sir.

You're way over time there. It was a good dialogue.

We're going to move over to the Liberals now. Mr. Fonseca, you have the floor.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses.

Ms. Campbell, you started your remarks by speaking about the great team that we had down in Washington, and the strategy. Our chief negotiator was Steve Verheul, who has been before our committee a number of times. Also, you spoke about our minister, Chrystia Freeland, and our ambassador, David MacNaughton.

For them to have been able to do their job so effectively, they had to know they had this robust team behind them. When they're really going to the edge, they have to know there's something backing them up. I thank all of you for working so well as team trade Canada.

Often from crises we find that there's opportunity. In working with the steel and aluminum companies, and as you're doing a deeper dive, many of them are coming to see you for support, be it the EDC, BDC, or for employment services. Whatever the case, is this an opportunity that you take now to address diversification?

You're looking at where your market has been. We're going to work with you to continue to hold that market, but then how can you grow? Where can you go? There are opportunities that have come about through CETA, as well as through what will be happening with the CPTPP, and now the USMCA.

I heard, Ms. Campbell, you say that our aluminum exports to the EU are up 200%. Can you give me other examples like that or companies that you're working with? Are you taking this opportunity to work with companies for diversification?

● (1215)

Mrs. Ailish Campbell: I think this committee really loves data, so let me just give you a couple of data points.

Twelve hundred large companies are responsible for 60% of Canada's merchandise exports. What that means is that when Paul and policy officials are recommending really key strategic sequencing of policy, commercial support and additional direct support, we often have to start with the key anchor companies in those ecosystems.

That's why the actions to protect our largest steel and aluminum manufacturing companies and with the strategic innovation fund have been so critical. I say this as someone born and raised in Hamilton and whose grandfather made a great blue-collar wage at Stelco. I couldn't be more proud of my hometown.

We start there. We then move to 1,200 small and medium-sized enterprises —and this is really fascinating—responsible for almost 30% of our merchandise exports. This next 29.8% tranche of our exports is in the hands of 1,200 incredible growth companies. That means that we have about 42,000 small businesses responsible for the last 10%.

What we want to do is to convert that group, that addressable market of SMEs, who are already exporting, but the vast majority only to one market, the U.S., and only a handful of products I think what you see in front of you is a team dedicated to working with existing companies and saying, "How can we help you innovate, create new products, find new markets, and take better risks. What are the tools you are missing?"

I think it's been a good dialogue today. Each one of us invites ongoing referrals from this committee, for companies when they tell you what they need. Again, I think the other key message here is that there's no wrong door. Whether you come in through a digital service, through a trade commissioner globally or meet us in one of the regional offices of EDC, BDC or the Government of Canada, we will direct that company to the best market.

My last stylized point is that we have seen an increase in our Asian offices—Tokyo, Singapore, Taiwan, Shanghai, Beijing. We have seen foot traffic grow in those markets by more than 50%. That means that Canadian companies are not wasting, shall we say, a crisis. But framed more positively, they're seeing an opportunity to sell Canada to the world. That's our mission.

Mr. Peter Fonseca: Thank you very much.

Those are very important numbers, with the first 1,200 at 60% and another 1,200 at 29.8%. Is that right? That leaves 42,000 for the last 10%.

Do you use a wraparound approach?

We have all of you here right now. If there were a company here, is it business-centric? If a company were here and said what it was was experiencing, perhaps looking at the threats and the risks and everything that's hitting them right now, almost like a virus, you'd be like white cells coming in to help out.

Do you use that wraparound approach so that yes, you're going to address those immediate issues of what's urgent and important, but then look to the future and see what you can do to give you more stability and open up more markets?

The Chair: Mr. Fonseca, I'm sorry. You only have five seconds and I don't think that's fair to the—

Mr. Peter Fonseca: Just say yes.

Mrs. Ailish Campbell: Yes.

Mr. Peter Fonseca: That's great.

The Chair: Your time is up.

We're going to move over to the Conservatives.

Mr. Allison, you have the floor.

Mr. Dean Allison: Thank you very much, Mr. Chair.

My question for you, Paul, in terms of the safeguard consultation that happened awhile ago, is whether you guys are any closer to making recommendations. Where are you guys at in the thought process there? It was obviously a U.S. concern, but it's also a concern as it relates to the SMEs versus the big producers.

There's a fine balance there in how we handle that, because some of those small SMEs were getting their steel from cheaper countries, which I realize were totally dumping in some cases. There's also a concern about how we handle the balance of that, in terms of additional costs.

● (1220)

Mr. Paul Halucha: The decision is made by the Minister of Finance, and we were part of the consultations. We did a lot of the analysis. I think you're going to have that department here in a week or so. I just don't know what date they will make an announcement, but I can tell you that it was robust analysis that was undertaken.

One of the considerations, as you design the safeguards—just as when we did the retaliation packages on July 1— is the question of unintended consequences. If there are contracts in place in many businesses, we want to be really sure that if we put a safeguard in place and someone is either still required to export under those conditions or has suddenly lost their linkage to an important external supplier, that we'll all hear about that story and about the fact it's not a benefit.

We're being really careful in doing the analysis on the contracting sides, and also around the issue of scarcity. We want to make sure, if we're putting a safeguard in place, that we're doing it for a reason. If there's not a domestic supply— and this sounds very straightforward, but when you get into the codes and you're looking at all of the thousands of different products, then you need to get to that level of granularity. We don't want to be in a position where, two weeks after we put a safeguard in place, we find out that we turned off the tap to an international supply for somebody, that there's no domestic opportunity and that all we've done is increase the price for them.

We're being really careful with the calibration. Any decision we make has to be defensible, both domestically and at the WTO. One of the foundational points for the government is that as we negotiated the trade agreements and engaged in all of our international activity, we remained steadfast in our support for the international rules-based system. In our own conduct, we need to make sure that any programming or support we provide or actions we take in response are defensible in those kinds of frameworks.

Mr. Dean Allison: The recommendation has been made that Finance make those decisions. That's good to know.

You talked about this in terms of unintended consequences. We have again been listening to some of the concerns of the SMEs. They're saying, "You know what guys? The stuff that's coming in and that we're now tariffing, we can't actually get in Canada." So the reality is that I appreciate that.

Is there a method for us to get information back? I realize that's a political decision. You make recommendations. It's political.

Is there a way to feed back information so that we can look at removing things from lists and...? You know, I get it. I know what we're trying to do, but my concern is that there are a lot of unintended consequences when you have to deal with economies that are so big, with countries and with all of those other things that are going on.

Mr. Paul Halucha: Again, on their website, the Department of Finance has a remissions relief form where companies can identify these specific instances where they can't get something in Canada, or they're obliged as a result of contract to continue their relationship with a foreign party. Those are being processed as well. I understand that those recommendations will go to the minister shortly, if they haven't already.

When we designed the retaliation package, going into July 1, every effort was made.... If people remember, it was June 15 and we had a two-week period to hear from basically all Canadian businesses. We did everything we could to make sure there wouldn't be adverse consequences as a result of some of the tariffs—as much as you can when you're actually imposing a price increase through a broad tariff across the entire Canadian economy into central primary commodity classes.

By definition, we knew the prices were going to go up. There was no surprise in that, but what we didn't want to have happen was the scarcity issue. We didn't want to raise prices in instances where there was no Canadian supply. It did happen in some cases, and we have been working with Finance to make sure that, as they look at the remissions process, those are identified and considered.

Mr. Dean Allison: I'm not assuming that you have any hard data. There were a lot of anecdotes this summer of firms struggling. Do you guys have any hard numbers in terms of sales, employees or layoffs? I guess we need a longer period to figure that stuff out, but do you have anything at all?

Mr. Paul Halucha: I don't think we....

Patrick, do we have any?

Mr. Patrick Hum (Senior Director, Manufacturing Industries Directorate, Manufacturing and Life Sciences Branch, Industry Sector, Department of Industry): I'd say that we are actually seeing an incredible amount of stability and resilience within the manufacturing sector. The overall numbers are actually quite stable, in terms of sales, revenue, exports and employment.

Obviously there are a lot of companies that are experiencing difficulties, but generally, when you look at the overall macro numbers for some of these industries, things are holding up relatively well.

● (1225)

The Chair: Thank you.

That wraps up the time. We're going to the NDP.

Ms. Ramsey, you have the floor for five minutes.

Ms. Tracey Ramsey: Thank you.

Thank you all for your comments today. Ms. Campbell talked about our advocacy with the U.S. Obviously, as a trade committee, we've seen not only multiple stakeholders in the U.S., but also our counterparts there. The Steel Caucus, which Terry and I are members of, has visited there as well.

We have been making that effort, but I would like to propose to the committee that we send a letter to our U.S. counterpart, once again imploring them to remove the tariffs and to let them know that our position remains unchanged and that we would like to work with them in any way possible to achieve that outcome. I think that is a way that we as a committee can support to contact our direct counterpart in the U.S. I'll put that out as a proposal for the committee to discuss, to advocate for that removal.

The second thing is that there are a lot of small and medium-sized businesses that can't navigate the website. We heard from one this week, actually on Tuesday, who said they don't even have a person. They don't have the people power to allocate resources to say, "Okay, you go and investigate how we access these reliefs". So we really need to critically address the SME situation. Forty-two thousand SMEs in Canada need help. That's where the opportunity really lies, I think, in terms of our future trade across the globe. I think that's something we really need to address. We've heard that over and over at this committee, regardless of what topic we're discussing.

The question I have, when we talk about those who are being impacted, is about the secondary list. This secondary list, which was created in an attempt to put some pressure on the U.S., is not working. It's not being very effective, from our perspective. We left the table at USMCA without getting these tariffs removed. We have a lot of people writing to the committee, such as boat manufacturers, and appliance retailers, who are being very adversely impacted and who feel they have no place in this fight that's happening right now, being on that secondary list.

I'm not sure how effective that secondary list is being, other than at killing Canadian businesses that are on that list because they are now subject to these tariffs. What I want to ask you is what you have heard from these groups, and, regarding this secondary list, what is being done to help them in the struggle they are now facing with this one-way tariff that is on?

Mr. Paul Halucha: The secondary list you are talking about is the consumer products portion, right? For members who may not be familiar, we had three components of the retaliation: one was around aluminum. The second was around steel products, and the third was end-use products. They were carefully selected with a view to a couple of things. One of the principles was, obviously, that they had to be important to certain U.S. districts where—

Ms. Tracey Ramsey: I think we're aware of the policy. I think everyone's kind of aware of what that is. We know it well. What I'm asking you is, are they reaching out to you now to try to have access to your programs because they're struggling?

Mr. Paul Halucha: Personally, I have not had a lot of outreach from them. I think in the middle of the summer, at one point, there were questions around some of the commodity groups and whether they were beginning to be faced with price increases as a result, and I think we were asked to look at appliances. We did a set of calls with them, and effectively the answer back was that they were not seeing a large impact. It will likely happen next year. Many of those prices will be passed on.

Ms. Tracey Ramsey: Did you hear from boat manufacturers? We've heard specifically from them here at the committee, and they've written to us.

Mr. Patrick Hum: Sorry, on the boat manufacturers, they were originally worried about submitting information with regard to the initial retaliatory consultations. We definitely do know their situation.

The Chair: Mr. Bhamjee, you had a—

Sorry, I think the other witness wants to say—

Ms. Tracey Ramsey: Okay, I just want to ask what their request to you was, if you've heard from them, Mr. Hum. Can you speak to what they're requesting from you in that correspondence?

Mr. Patrick Hum: These were the initial retaliatory consultations. They were certainly well aware of the impact that could happen in terms of the contracts that had been put in place prior to the retaliation. We certainly have a good sense of their issues and concerns about being able to bring in product from the United States. I think we are taking that into consideration in how best to address their particular needs.

I should add that when we're dealing with the boat manufacturers, their issues are perhaps a little bit different, or completely different, from those of some of the other companies and sectors on the list, whether some of the food processors or others. There's no one-size-fits-all, but we're certainly looking through the tools we have, whether duty remission, duty relief, or any of those others, to see what can be done and to support Canadian businesses.

● (1230)

The Chair: Thank you.

We'll go to the last MP, and that's Mr. Peterson.

You got the wrap-up, mister.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

Before I get into my questioning, I'd like to take a step back and look at these section 232 tariffs. Their foundation or premise is that somehow Canada is a threat to American national security. I think I speak for everyone here when I say that this is offensive on one level and that it also couldn't be further from the truth. We need to take stock of what's going on and realize that this is an irrational decision by the U.S. administration, and we're trying our best to deal with it in that context of irrationality. I commend you for the good work you've been doing, given that environment.

I spent the summer talking to some of the manufacturers in my riding who are impacted by this. A couple of themes arose from those discussions. There isn't the ability for a lot of Canadian end-product users in building supply products and manufacturers in my riding to buy Canadian for their inputs. Their inputs come from the U.S., and a lot of their customers are in the U.S. The 10% tariff quickly becomes a 20% tariff. That obviously eats away at their margins, which are nowhere near that 20% range. It becomes a very untenable position.

That said, there's also some confusion, I think, at the border about how to classify certain things crossing the border. Part of it is that there has been no real industry for dealing with how you classify products crossing the U.S. border. There's just never been the need to do it. They're dealing with their customs brokers and duty officers. Frankly, it's a confusing field out there.

The third issue, and it's an important one, is that they know there are programs out there. One of the manufacturers in my riding has about 110 or 120 employees. It's been around for about 30 years. It's a family-owned business. I even worked there one summer and use some of their products. The confusion is that we know there are programs out there, but how can we access them? This isn't a small company with two or three people. These guys do have resources they can put at it. One of their vice-presidents spent a day or two a week trying to figure it out, and he just couldn't navigate through it. He just couldn't. He reached out to me and asked for any assistance my office could give on tapping into what's there. Guys like him are saying, "We agree with the retaliatory tariffs. It was necessary. It had to be done. Unfortunately, we're getting the short end of the stick. How can you help us out?"

If I can take anything away today...and I think it's the same for any of my colleagues, who I know represent their ridings very effectively and care very deeply about their constituents. I'm wondering what I can say to someone about who I can put them in touch with—i.e., "Here: we're going to help you get through this. Here's who you need to talk to. Here's what's available. Hopefully we can help you, the best that we can."

Is there one-stop shopping for that? It just seems to me that if this gentleman had trouble navigating it, there must be dozens or hundreds of other companies in the same boat.

Mr. François Lecavalier: I mean, we all work together, but I would suggest this. We have, as I mentioned, 123 offices across the country, and potentially one in your riding. Let's say it's an SME and it comes to BDC. We work daily with the EDC and the trade commissioner's service, and of course we work with our colleagues in the department. We will make sure that it gets put in touch with the right people.

Mr. Kyle Peterson: The BDC and the EDC are both very active in my riding. They had one of their round tables, which I was happy to be at it, reaching out.

So I can send him to the BDC contact and that's one-stop shopping for him?

Mr. François Lecavalier: We'll make it as one-stop as we can make it, but I guarantee you that they'll get pointed in the right direction.

Mr. Kyle Peterson: Okay. That's all he's looking for, I think, so I appreciate that.

Mr. Paul Halucha: A couple of the points you raised were specific to the duties. Those you won't find at BDC. Companies need to go to Canada Border Services Agency for the duty drawback program. You described a scenario where a company is importing a commodity into Canada for the purposes of export, and that's what duty drawback is intended to deal with. They would be eligible to get that money returned to them. That's important.

The second point is around the remissions process. You noted that in some circumstances you could have companies that are not able to source in Canada. That's precisely what the remissions process is in place for. For company-specific decisions, there's a form on the Department of Finance's website. That provides the information.

In terms of innovation programming, just very broadly, all of us here are in the innovation game from one element or another. That has all been organized through the Innovation Canada website.

I think as a follow-up to the committee, if the chair would permit, I would send you some of the information around that website. It is designed exactly to deal with the challenge of not having to navigate all of our systems. It basically allows for some intake of information, and then it makes recommendations back to entrepreneurs. It wires the follow-up into our system so that program people are getting information that tells them, "There's somebody interested, and you may want to reach out."

I will provide that information to the committee.

● (1235)

Mr. Kyle Peterson: Thank you. That would be helpful.

Mr. David Bhamjee: Can I can add something to the question of the one-stop shop? I thank my colleague from BDC. They're an excellent point of contact.

I'd like to share with the committee something that we have been making a diligent effort to do over the past number of years. We're making sure, for example, that an EDC account manager in markets knows who their BDC equivalent is, and knows not just who they are, but what the core competencies of that organization are. We're not just saying "call BDC"; we're able to do so in a manner that is informed and is actually sending them to the person who will be best equipped to deal with.

Similarly, with the trade commissioner service, making sure of what one another do turns a referral from just a "call so-and-so" to something that's more active and more informed. That's a big improvement that's been made over the past little while. It's something that obviously can continue to be improved upon. It helps you mitigate the fact that there isn't one specific place to go to.

We do education work amongst ourselves so that our folks in the field are very well versed as to what one another can do.

The Chair: Thank you, Mr. Peterson.

That wraps up our rounds of dialogue with MPs.

Thank you for coming, witnesses. I think one of the biggest things I like hearing is that you're firing on all cylinders and working together for Canadians and companies.

Before I close the meeting, Ms. Ramsey has an idea regarding the letter to the Ways and Means Subcommittee on Trade. Simon has agreed to put something together. If it's the will of the committee, he'll put something together in the next few days and you'll see it in your box. If everybody is good to go with it, we won't have to wait 10 or 15 days to get it out. We'll do it. Sound good?

Thank you again.

Have a good weekend. We're adjourned

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